



## DEPARTMENT OF ECONOMIC DEVELOPMENT

Isiah Leggett  
*County Executive*

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*Director*

### **Frequently Asked Questions concerning the Fuel-Energy Tax Program for Certified Agricultural Producers**

*How will the Fuel-Energy Tax Program help me?*

Montgomery County imposes a tax on all fuel-energy that is used on your property. All sources of fuel-energy that are delivered to a farm and used as part of an agricultural operation are normally taxed at a higher non-residential rate as compared to fuel energy provided for residential use. If you are a Certified Agricultural Producer, the lower residential tax rate can be charged on your farm fuel-energy needs.

*How do I know if I am being charged the correct tax rate for the fuel-energy that I use?*

In May of 2005, the County Council adopted the Fuel-Energy Tax rates (see attached) for the fiscal year 2006, which ends June 30, 2006. Check your monthly fuel-energy billing statement to see if you are being charged the residential rates for your fuel-energy.

*What kinds of energy are eligible for the Certified Agricultural Producers Program?*

- Electricity used for agricultural purposes that is metered separately from the meter on your house
- Dyed diesel fuel that is delivered to your farm for off-road use
- Liquid petroleum (LP) gas that is delivered to the farm for nonresidential use

*Fuel-Energy Taxes that are charged at a residential rate represent a 37% savings from the non-residential tax rate.*

*Will the Certified Agricultural Producer designation affect the base kilowatt-hour rate charged by my power company?*

No. It is important to note that the base kilowatt-hour rate charged is independent of the tax that is levied. The Certified Agricultural Producers Program will only affect the *tax* rate you are charged per kilowatt hour, and can not be used to alter the base rate you are charged per kilowatt hour.

*If I have only one electric meter on my property, and it is attached to my house, will this program help me?*

No. Electric meters that are attached to a residential structure are already taxed at a residential rate. If you have another electric meter attached to an outbuilding that is used for agricultural purposes, check your fuel-energy billing statement for the tax rate charged on the second electric meter. If the second meter is charged at the higher nonresidential rate, the Certified Agricultural Producers program can help you.

*If I have fuel oil delivered to my property, will this program help me?*

Maybe. Fuel oil that is used for heating your home should already be taxed at the residential rate. This type of fuel is dyed diesel fuel that can be used for off-road vehicles and farm equipment. If you have fuel oil delivered for off-road vehicles and farm equipment, check your fuel-energy billing statement for the tax rate you are being charged. You will only realize a savings on fuel oil for agricultural use that is charged at a non-residential rate.

*I operate an equestrian facility. Is my facility eligible for consideration in this program?*

Yes. Based on changes in County law that occurred after the first certification period was complete, an equestrian facility is now eligible for consideration as a Certified Agricultural Producer. Note that your facility must still meet at least one of the seven application criteria to be certified.

*The cover letter mentions a “bone fide agricultural operation.” What does that mean?*

In order to prove that your property supports a bone fide agricultural operation, the County determines whether or not you are enrolled with one of the following programs or agencies: the Montgomery Soil Conservation District, the Maryland Nutrient Management Program, the United States Department of Agriculture’s Farm Service Agency, the Maryland Cooperative Extension Service, or the Montgomery County Farmers Market Association. Maryland Department of Agriculture Certified Organic Growers are also eligible for the program, as are most AEP, MALPF, RLP and MET (farmland preservation) properties. If you do not fall into any of these categories but feel that you run a bone fide farming operation, please contact Jeremy Criss at 301-590-2830. Your operation may be given individual consideration depending on the circumstances.

*If I am approved as a Certified Agricultural Producer, will my fuel- energy suppliers be notified?*

Yes. The County will provide the suppliers with a list of Certified Agricultural Producers. However, it is in your best interest to contact your fuel-energy supplier(s) and inform them of your certification status.

Resolution No.: 16-1354  
Introduced: March 23, 2010  
Adopted: May 19, 2010

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: Council President

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**SUBJECT:** Fuel/energy Tax – Rates

**Background**

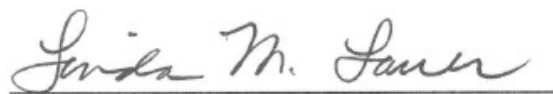
1. Section 52-14 of the County Code levies a tax on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County.
2. Section 52-14 also provides that the County Council may amend the fuel/energy tax rates by resolution, after a public hearing advertised as required by Section 52-17. A public hearing was held on this resolution on April 20, 2010.
3. The Council finds that it is fair and equitable to continue different rates for fuels and energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes and for non-residential purposes.

**Action**

The County Council for Montgomery County, Maryland, approves the following resolution:

1. On and after May 20, 2010, the fuel/energy tax rates levied under Section 52-14 of the County Code are as specified on Schedules A, B, and C, attached to this resolution.
2. This Resolution supersedes Resolution 16-553.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

## SCHEDULE A (effective May 20, 2010)

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

<b>FUEL-ENERGY</b>	<b>TAX RATE</b>
Electricity (per kilowatt hr)	\$0.02210
Natural Gas (per therm)	\$0.19065
Steam (per therm)	
Coal (per ton)	
Fuel oil (per gallon)	
No. 1	\$0.24498
No. 2	\$0.25414
No. 3	\$0.25414
No. 4	\$0.26009
No. 5	\$0.26513
No. 6	\$0.27108
Liquefied petroleum gas (per pound)	\$0.03693

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

<b>FUEL-ENERGY</b>	
Electricity (per kilowatt hr)	\$0.03022
Natural Gas (per therm)	\$0.26090
Steam (per therm)	
Coal (per ton)	
Fuel oil (per gallon)	
No. 1	\$0.34604
No. 2	\$0.35898
No. 3	\$0.35898
No. 4	\$0.36739
No. 5	\$0.37450
No. 6	\$0.38291
Liquefied petroleum gas (per pound)	\$0.05217

SCHEDULE B (effective July 1, 2010)

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

<b>FUEL-ENERGY</b>	<b>TAX RATE</b>
Electricity (per kilowatt hr)	\$0.01335
Natural Gas (per therm)	\$0.11493
Steam (per therm)	\$0.15054
Coal (per ton)	\$34.08769
Fuel oil (per gallon)	
No. 1	\$0.16471
No. 2	\$0.17086
No. 3	\$0.17086
No. 4	\$0.17487
No. 5	\$0.17825
No. 6	\$0.18225
Liquefied petroleum gas (per pound)	\$0.02484

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

<b>FUEL-ENERGY</b>	
Electricity (per kilowatt hr)	\$0.02210
Natural Gas (per therm)	\$0.19025
Steam (per therm)	\$0.24920
Coal (per ton)	\$56.42304
Fuel oil (per gallon)	
No. 1	\$0.27264
No. 2	\$0.28283
No. 3	\$0.28283
No. 4	\$0.28946
No. 5	\$0.29506
No. 6	\$0.30169
Liquefied petroleum gas (per pound)	\$0.04111

SCHEDULE C (effective July 1, 2012)

(a) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for residential and agricultural purposes:

<b>FUEL-ENERGY</b>	<b>TAX RATE</b>
Electricity (per kilowatt hr)	\$0.00522
Natural Gas (per therm)	\$0.04499
Steam (per therm)	\$0.05893
Coal (per ton)	\$13.34295
Fuel oil (per gallon)	
No. 1	\$0.06447
No. 2	\$0.06688
No. 3	\$0.06688
No. 4	\$0.06845
No. 5	\$0.06977
No. 6	\$0.07134
Liquefied petroleum gas (per pound)	\$0.00972

(b) For fuel-energy transmitted, distributed, manufactured, produced, or supplied for non-residential purposes:

<b>FUEL-ENERGY</b>	
Electricity (per kilowatt hr)	\$0.01384
Natural Gas (per therm)	\$0.11921
Steam (per therm)	\$0.15615
Coal (per ton)	\$35.35662
Fuel oil (per gallon)	
No. 1	\$0.17084
No. 2	\$0.17723
No. 3	\$0.17723
No. 4	\$0.18138
No. 5	\$0.18489
No. 6	\$0.18904
Liquefied petroleum gas (per pound)	\$0.02576